

5/003/017

Mr. John W. Andrews-Attorney  
State of Utah  
School and Institutional  
Trust Lands Administration  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818

May 3, 2002

Re: Bond Number 900633288

Dear Mr. Andrews:

I am in receipt of a letter from you dated April 30, 2002 and addressed to Mr. Ronald M. Mitchell, Continental Casualty Co. wherein you state that it is the intention of Trust Lands to call bond # 900633288 for payment. Please be advised that reclamation work at the quarry referred to in all regulatory communication as the "upper pit", which was secured through ML 44911, and which lease did expire in Fall of 2000 has been completed in its entirety including prescribed seeding. Said work began in the fall of '99 and included back-filling of all pits and trenches, slope restoration, smoothing and contouring, and the dissolution of main access. A prescribed seed treatment was performed in April of 2000 with poor but expected results. At the suggestion of Oil, Gas, and Mining, compost manure was brought on-site and a pile directly seeded in the fall of 2000. Inspection the following Spring showed failure of the seed to take root. It seemed senseless to spread the manure when it proved to fail as a seed-bed in this area. The operator here contends that seeding requirements in this incidence are unreasonable.

The area quarry which is referred to in all regulatory communication as the "lower pit", was secured through ML45410, which lease expired last Fall (Sept. 16, 2001). Quarry activities within this pit are not covered by Bond Number 900633288, and hence its present state or status cannot be included in any presents which currently influence Trust Lands Administration's intention to call for payment of Bond # 900633288. The "lower pit", though presently inactive, is part and portion of an approved small mine activity the operator is engaged in to date.

The Area referred to in all regulatory communication as the "staging area" is included in the operators' presently active approved small mine operation. It lies entirely upon BLM administered lands. Its present state or status cannot be included in any presents which currently influence the Trust Lands Administration's intent to call for payment of Bond # 900633288. The waste rock located thereon, which did originate from the lower pit, is without value in the operator's flagstone market. It is doubtful that the Trust Lands Administration could justifiably attempt to "charge" the operator for such waste rock.

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DIVISION OF  
OIL, GAS AND MINING



## Bonneville Quarries, Inc.

I am quite puzzled that the Trust Lands Administration is holding a reclamation bond for disturbance which takes place entirely upon BLM administered lands in the first place. I am wondering how this scenario aligns with the Utah Mined Lands Reclamation Act. Before a miner can begin any mine activity he must first comply with regulations which govern mining. These regulations are administered by the State's Division of Oil, Gas, and Mining (UDOGM). UDOGM works with any Federal or State regulatory agencies involved as a spearhead, or lead agent so as to free the operator of duplicative or excessive procedures. At the time these mine related disturbances occurred as now, BLM did not require reclamation bonds for operations of five (5) acres or less. Since these disturbances took place entirely upon BLM administered lands, and were never in excess of 5 acres, no bond for reclamation should have been required in the first place. It can be concluded that the Trust Lands Administration was not in line with the Utah Mined Lands Reclamation Act. Regulating the reclamation of disturbed Federal Lands, particularly those under five acres is not the obligation, right, nor stewardship of Trust Lands Administration. And yet here it is holding a bond for such reclamation of disturbed Federal Lands of less than Five (5) acres.

I would be happy to accompany principles from the Trust Lands Administration on a tour of the area at issue to document my claims. I have shown good faith in completing to the best of my ability the full and complete reclamation of the quarry area at issue. I would appreciate that same show of faith from the Trust Lands Administration. I feel that to call for the full payment of the Bond after receiving this information would be unconscionable, and perhaps unadvisable. I hope this letter can persuade you to investigate this situation further before taking any action as drastic as calling Bond # 900633288 for payment.

If you have any questions, or would like to discuss this matter, please feel free to call me at (801) 295-0601.

Sincerely,



William L Bown-Operator

cc: Wayne Hedberg  
Ronald M. Mitchell  
John T. Blake  
Thomas B. Faddies





# State of Utah

School and Institutional  
TRUST LANDS ADMINISTRATION

S/003/017

Michael O. Leavitt  
Governor

Stephen G. Boyden  
Director

675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818  
801-538-5100  
801-355-0922 (Fax)  
<http://www.trustlands.com>

April 30, 2002

Mr. Ronald M. Mitchell, Attorney-In-Fact  
Continental Casualty Company  
CNA Surety  
230 South 500 East, Suite 480  
Salt Lake City, Utah 84102

Re: Bond Number 900633288/ William L. Bown

Dear Mr. Mitchell:

The School and Institutional Trust Lands Administration (the "Trust Lands Administration") is in receipt of your request dated April 3, 2002 for the release of the above-referenced surety bond, which was submitted by Mr. William L. Bown as principal to secure reclamation obligations in connection with State of Utah Mineral Lease No. ML 44911.

The Trust Lands Administration does not consent to the release of the subject bond, and in fact, hereby gives notice of its intent to call the bond for payment. The subject mineral lease expired in late 2000, but reclamation work required by the Trust Lands Administration under the terms of the lease has not been fully completed. This entitles the Trust Lands Administration to utilize the bond amount pursuant to Utah Administrative Code R850-20-2800(4)(a). We therefore request that the bond amount be paid to the Trust Lands Administration at your company's earliest convenience.

If you have any questions, please feel free to call me at (801) 538-5180.

Sincerely yours,

John W. Andrews  
Attorney

cc: William L. Bown  
Thomas B. Faddies  
John T. Blake

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OIL, GAS AND MINING